EXHIBIT J

A. (Witness complies.) Okay.
Q. Okay. Do you mind going down to the -- See the section there marked, Part E, duties after an accident or loss?
A. Yes.
Q. Okay. Would you mind taking a look at subparagraph B(4)(a).
A. Okay.
Q. Are you there?
A. Yep.
Q. Okay. What does that paragraph authorize United Fire to obtain?
A. That section only authorizes us to obtain medical reports related to a particular accident or injury.
Q. And under that paragraph does that only authorize -- or do you communicate that that only authorizes United Fire to obtain records necessary to process the claim?
A. Could you repeat that?
Q. Sure. You said that it -- I just want to confirm my understanding. I heard you say that that only authorizes you to obtain the records related to the claim. Is that fair to say?
A. It authorizes us to obtain medical reports

that we deem necessary that could be related to the claim.

Q. Okay. And how do you determine whether or not a record is related to the claim?

A. Obviously you'd want to inquire about the treating physicians' facilities based on the injuries that occurred and obtain medical records and reports related to those; however, there are times when there are extenuating circumstances where prior injuries or prior ailments come into play and impact the treatment for a particular injury that is being -- that is the topic of the claim at hand. So it's very difficult up front to try and figure out exactly what is or isn't needed before you can find out more information and do the investigation.

Q. Sure. So, for example, if, you know, someone had a broken wrist -- Okay? -- and -- would that allow United Fire to get their records related to their STDs that they've had?

MR. DeNURE: Objection, speculation, calls for facts not in evidence.

A. You know, you can come up with a hundred different scenarios. I would say this, because each individual claim brings with it its own unique circumstances, that it's difficult to say with any

Q. Okay. Does he talk with you about why you're awarded stock options every year?

A. No.

Q. They just sort of magically appear, I guess, would that be a fair way to describe it?

A. Well, it's no secret that it's based on whether we have a decent year or not.

Q. Okay. What determines whether you have a decent year or not?

A. Whether or not we're profitable, our return on equity, our earnings for the year.

Q. Similar goals to -- for what happens in like the bonus program?

A. Yes.

Q. Okay. The same -- Are they the same sorts of targets?

A. I don't know that they utilize them, but you're on the right track with regard to the general theme is similar to what we would see in the bonus program.

Q. Okay. Now let's talk about your salary increases. We sort of touched on this a little bit earlier. What factors drive whether you receive an increase in salary from year to year?

A. In part, whether or not I reach the goals

loss ratio is you would take the amount of claims paid, and then you would divide it by the revenue earned, would that be a fair way to describe it?
A. Correct.
Q. Okay. And by revenue earned, how does United Fire earn revenue in any given year?
A. Through the premiums -- Two ways. Mostly through the premiums that are paid for the policies issued and also through investments.
Q. Okay. If you wouldn't mind grabbing -- just moving forward to Exhibit 11.
A. (Witness complies.)
Q. And look at -- oh, it's just that -- that's part of the employee handbook, which is -- I've marked here as Bates 25 -- which is Bates UF 2588 to 2703. If you wouldn't mind turning to page UF 2680. It's a ways in there.
A. (Witness complies.) Okay.
Q. Okay. Do you mind reading how United Fire defines loss ratio in its handbook?
A. The proportionate relationship of incurred losses to earned premium expressed as a percentage.
Q. And so was how I described the calculation of loss ratio consistent with that definition?
A. Yes.

Q. Okay. I just wanted to make sure. And just so I understand, lower -- the lower the loss ratio, the more profitable United Fire is, right?

A. Correct.

Q. And what's an expense ratio?

A. That is the -- a ratio of incurred expenses to the incoming revenue.

Q. And that's a generally accepted term in the insurance industry, right?

A. Correct.

Q. Okay. And if you wouldn't mind looking at UF -- well -- Sorry. I'm going to take a step back before I do that. So that's basically -- you take the incurred expenses, you divide it by the premiums and the revenue and -- or premiums, which is -- or the revenue, which is the premiums and the investment income, you divide it, and then you get a number, is that --

A. Correct.

Q. -- a fair way to describe how you calculate the expense ratio?

A. Yes.

Q. Okay. And then if you wouldn't mind looking at -- a few pages back at UF 2676.

A. (Witness complies.)

Q. Do you see where it says, expense ratio, there?
A. Yes.
Q. Okay. Would you read the definition.
A. The percentage of the premium used to pay all the costs of acquiring, writing and servicing business.
Q. And is that definition consistent with the process of calculating the expense ratio that I described to you before?
A. Yes.
Q. Okay. Would you agree with the definition that's in this book?
A. Yes, I would.
Q. Now, we already talked a little bit about it, but what is the combined ratio?
A. The combined ratio is the overall revenue to overall expenses, both incurred expenses and losses paid.
Q. Okay. Now -- And I'm going to take a step back quick. Sorry. I forgot to ask you a question related to the expense ratio. So if United Fire has a lower expense ratio, that's also a measure of profitability, right?
A. Correct.

Q. Okay. Now back to the combined ratio.
A. Yes.
Q. Okay. And I apologize for jumping back and forth there. The same with the last two terms, I'm going to have you take a look at how it's defined in the handbook, so if you wouldn't mind turning to UF 2673.
A. (Witness complies.)
Q. And how does the handbook define the combined ratio?
A. The sum of the loss ratio and expense ratio.
Q. Okay. Basically you take the percentage of the loss ratio, and then you add the expense ratio, and you get the combined ratio?
A. Correct.
Q. Okay. And when you combine those two together, that combined ratio, it's a measure of profitability, right?
A. Yes, it is.
Q. Okay. And what is a net UW gain or loss?
A. Net underwriting gain or loss is a term -- a phrase in the industry that talks about whether or not there is a profit on the underwriting side of the business. That would be the profitability ratio

the expense ratio --
A. Correct.
Q. -- but I was asking about loss ratio.
A. Sorry.
Q. And -- as opposed to the combined ratio or the expense ratio. And so -- But they would know that a loss ratio is based off of, you know, payment of claims, right?
A. They would definitely understand that -- most of them would understand that the loss ratio is generated by the indemnity dollars that we pay on claims.
Q. Okay.
A. But they -- It would be the same answer, and I apologize getting off target with the expenses versus the loss ratio, but I would have the same answer for that. I don't -- I know there isn't a single individual out there that looks at that and would ever contemplate paying less than what is owed on a particular claim simply because, you know, sometime down the road when they -- when we add thirty-five or forty thousand claims up, you know, you're going to have a percentage less on the loss ratio that's going to give a little bonus at the end of the year.

Q. Are you there?
A. Yep.
Q. Okay. Would the employees know the percentages listed there?
A. I don't think so.
Q. Why not?
A. I think each individual group that fits into those percentages knows.
Q. Well, I'm looking there at tier A where it says, all others, and who would fit into all others?
A. Those that were not AVPs, managers and supervisors --
Q. Would that be --
A. -- or VPs or CEO.
Q. Would claims adjusters be in that all others tier?
A. Yes.
Q. Would a claims adjuster know those percentages there?
A. Yes.
Q. Okay. How would they know those percentages for themselves?
A. I believe they're published at the time the bonuses are awarded.
Q. Okay. How would that be communicated to

the -- and when you say when the bonuses are awarded, what's -- is that on a document or something?
A. Each individual receives a letter showing the award of the bonus.
Q. Just so I understand, a claims adjuster, like, example, Sherri Wade, would she have received a letter indicating what her bonus was in 2011?
A. If she received one, yes.
Q. Or for whatever year she was in, she would have -- if Sherri Wade received a bonus, she would have received a letter explaining it?
A. Yes.
Q. And that letter would have explained the percentages there listed on UF 759?
A. Correct.
Q. What if that department didn't get a bonus, would that be communicated?
A. Yes.
Q. Okay. How would that be communicated?
A. In the same manner.
Q. And would it also include those percentages as to the --
A. I don't believe so.
Q. Absent receiving a bonus previously, how would an employee know what those percentages were?

Q. And for the expense ratio?
A. 30.
Q. I think we already covered earlier that A are the claims examiners and claims supervisors, right?
A. Correct, all other.
Q. And is Roberta --
A. Did you say supervisors?
Q. Yes.
A. Supervisors are in the double A.
Q. Okay. So Roberta Sniffen would be in double A then?
A. Correct.
Q. Okay. So Sherri Wade would have been under tier A, and what percentage of her bonus is dependent upon the corporate ROE?
A. 30.
Q. And that's -- and then how much for Sniffen -- I'm sorry. -- Sherri Wade's bonus is dependent upon the loss ratio?
A. 35.
Q. And then the expense ratio?
A. 35.
Q. And the loss ratio, that's the -- When we talk about loss ratio in Exhibit 12, it's the same

thing, right?
A. Correct.
Q. Okay. And the expense ratio in the -- for those percentages there, that's the same as the expense ratio, is that --
A. Correct.
Q. Okay. Why is it that loss ratio becomes a higher percentage of someone's bonus the closer they get to a claims examiner?
A. I don't know.
Q. Who would?
A. I'm thinking of two things at once. That's why I'm not responding.
Q. That's fine. Take your time.
A. I think it would probably be -- HR would be able to provide some insight as to the changes.
Q. And that's Tim Spain again?
A. Yes.
Q. Do you know why the expense ratio becomes increasingly important -- or, sorry, not increasingly important -- but why the expense ratio becomes an increasingly large percentage for claims examiners?
A. No, I don't know why that is built in that way.
Q. Okay. Would that be Tim Spain again?

marked from UF 2704 to 2717.
A. Okay.
Q. If you would turn to 2705.
A. (Witness complies.)
Q. It shows -- It looks here that in 2011 one of the goals was to control loss adjustment expenses, is that correct?
A. That is correct.
Q. Who was assigned to -- I see that it has Doug Walters there assigned. What does that mean?
A. That means that Doug Walters oversees the drafting of this particular claims goal.
Q. And why was he assigned this task?
A. As corporate claims manager, he has experience in managing a region as well as handling claims, and I felt his expertise best suited him overseeing this particular goal.
Q. And loss adjustment expenses, that's -- is that also known by the acronym LAE?
A. Yes, it is.
Q. Okay. And I see a number of expenses that Mr. Walters assigned here that were -- it was a goal to reduce in 2011. Would that be fair to say that each of these expenses listed here are LAEs that were supposed to be reduced in 2011?

A. That's correct.

Q. Now, is one of the expenses that was supposed to be controlled in 2011 the cost of obtaining medical records? It's on the left column there.

A. I have medical records expense. That is correct, that is a component of LAE, loss adjustment expenses.

Q. And then subrogation expenses, is that another one of the LAEs that was supposed to be part of the loss expense control for 2011 goals?

A. It is, but I would like to put this in context, because taken out of context, this would give -- potentially could give the appearance that the sole objective of our claims department is from year to year to reduce these expenses, which we all know is -- number one, it's impossible, and, number two, earlier on I mentioned that we teach our claims staff that if the expense is necessary in order to perform the objective that we have, which is to treat our policyholders with the utmost respect and handle the entire claim process fairly, then we spend the money.

So the context I'm trying to put on this is that while we are always cognizant of our expenses

let them do it?
A. We would have to let them do it, because they wouldn't accept our form. But, again, I've not run into any situations where our forms have not been accepted.
Q. I just want to make sure that I -- that you're agreeing with me that if Mayo or some other hospital insisted on using their own form, that United Fire would let them do it?
A. Yes, we would jump on it in order to get the documentation that we needed to handle the claim.
Q. Okay. Are you familiar with the language in United Fire's claims -- medical authorization forms?
A. No.
Q. Who would be?
A. I would think, again, Kristine, Roberta and/or Sherri would be familiar, but --
Q. How were those forms developed?
A. I can't answer that. We've had them on board since I was here.
Q. Do you know when they were developed?
A. No, I don't.
Q. Do you have any idea who would have any idea how those were developed?